



July 2009

# Finance Newsletter

Produced by the Office of District Support Services, Kentucky Department of Education

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## Introduction

The Audit and Compliance Branch would like to introduce its educational financial analysts, Kem Delaney-Ellis, Ghada El-Dabbagh and Ken Smith. They are available to assist school districts with financial audit questions or issues, along with the KDE field staff already assigned to your districts.

If you have any suggestions or comments on how the branch can better assist your district, please e-mail Kem Delaney-Ellis at [kem.delaney-ellis@education.ky.gov](mailto:kem.delaney-ellis@education.ky.gov), Ghada El-Dabbagh at [ghada.eldabbagh@education.ky.gov](mailto:ghada.eldabbagh@education.ky.gov), or Ken Smith at [ken.smith@education.ky.gov](mailto:ken.smith@education.ky.gov) or call them at (502) 564-3846.

## On-Behalf Payments

The on-behalf payments for FY 2008-2009 for Health Insurance, Life Insurance, Administrative Fees, Health Reimbursement Accounts (HRA) and Federal Reimbursement have been posted at:

<http://www.education.ky.gov/KDE/Administrative+Resources/Finance+and+Funding/School+Finance/Financial+Information/On+Behalf+Payments.htm>

The on-behalf payments for the Kentucky Teacher Retirement System (KTRS) and Vocational Education will be posted to Kentucky Department of Education's (KDE's) Web site soon. If you have any questions relating to the on-behalf payments posted to the KDE Web site, please contact Gail Cox at [gail.cox@education.ky.gov](mailto:gail.cox@education.ky.gov) or (502) 564-3846.

Districts do not have to wait for KTRS to record the on-behalf payments. Districts must account for the additional 1% contribution rate paid by new members who started their retirement accounts after July 1, 2008. KTRS has provided the formula to calculate the amounts of the payments:

(KTRS Employee contributions) divided by (KTRS contribution rate 9.855% or 10.855%) multiplied by (employee matching rate 13.105 or 14.105) minus (federal match KTRS contributions paid by district).

Totals for the KTRS Employee contribution amounts are obtained from the Accumulator Report section of MUNIS.

Please forward any KTRS formula questions to Mark Whelan at [mark.whelan@ky.gov](mailto:mark.whelan@ky.gov) or (502) 848-8640 and any MUNIS Accumulator Report questions to Pat Boyd at [pat.boyd@education.ky.gov](mailto:pat.boyd@education.ky.gov) or (502) 564-2020, ext. 259.

## On-Behalf Expenditures

In the past, allocating on-behalf expenditures was done by district-wide and central office locations. Districts have been instructed to allocate their on-behalf expenditures to a location in the fiscal year 2008-2009 Annual Financial Report (AFR). This can be done by allocating a percentage of employees to each location.

This change will assist KDE and the districts' independent auditors in reporting more accurate and consistent financial data. For instance, this change will help KDE report the location level expenditures more accurately in the School Report Card.

### Example

Unit Number	Org	Function	Salaries by location	Total Salaries for District	% salaries by org	Total \$ of the on-behalf to the district	\$ allocated to Unit Number
1	####271-0280	21##	20,000	769,800	2.60%	250,000	6,495
1	####220-0280	22##	25,000	769,800	3.25%	250,000	8,119
1	####071-0280	23##	20,000	769,800	2.60%	250,000	6,495
1	####077-0280	24##	28,500	769,800	3.70%	250,000	9,256
1	####080-0280	25##	24,800	769,800	3.22%	250,000	8,054
1	####407-0280	26##	31,000	769,800	4.03%	250,000	10,068
1	####092-0280	27##	22,500	769,800	2.92%	250,000	7,307
0	####071-0280	23##	45,000	769,800	5.85%	250,000	14,614
0	####521-0280	3400	49,000	769,800	6.37%	250,000	15,913
10	####118-0280	1###	100,000	769,800	12.99%	250,000	32,476
10	####5101-0280	3100	31,000	769,800	4.03%	250,000	10,068
10	####5203-0280	3200	22,000	769,800	2.86%	250,000	7,145
10	####521-0280	3400	37,000	769,800	4.81%	250,000	12,016
20	####118-0280	1###	112,000	769,800	14.55%	250,000	36,373
20	####5101-0280	3100	37,000	769,800	4.81%	250,000	12,016
30	####118-0280	1###	128,000	769,800	16.63%	250,000	41,569
30	####5101-0280	3100	37,000	769,800	4.81%	250,000	12,016
Totals:			769,800		100.00%		250,000

Please forward any on-behalf expenditure calculation questions to Karen Conway at [karen.conway@education.ky.gov](mailto:karen.conway@education.ky.gov) or Carol Buell at [carol.buell@education.ky.gov](mailto:carol.buell@education.ky.gov) or call them at (502) 564-3846.

If you have any questions relating to the on-behalf payments posted to the KDE web site, please contact Gail Cox at [Gail.Cox@education.ky.gov](mailto:Gail.Cox@education.ky.gov) or (502)564-3846.

## MUNIS Webcasts

If you missed the MUNIS webcast on [KTRS Generation 2009](#) on Tuesday, June 23, the replay is now available online at the following link:

[mms://video1.education.ky.gov/MUNIS\\_06-23-2009](mms://video1.education.ky.gov/MUNIS_06-23-2009)

A Web page also has been created that allows viewers to go back and find past presentations and replay them at their convenience. Documentations from the webcasts also are available. The last [three](#) webcast presentations are now available and, in the future, webcast links will be added shortly after the live presentation occurred.

You can find the webcasts and documentation at [MUNIS Webcasts](#) or <http://www.education.ky.gov/KDE/Administrative+Resources/Technology/Financial+Management+System/User+Guides/MUNIS+Webcasts/>.

If you have any questions or comments, please address them to [charles.hall@education.ky.gov](mailto:charles.hall@education.ky.gov).



### **Unaudited Annual Financial Report (AFR)**

The unaudited AFRs are due at KDE by July 25. Starting this year, the unaudited AFRs are being submitted via the Web. This application will only be open for a limited time and will only allow submission from each district once. The link for submitting AFRs is <http://odss.education.ky.gov/webforms>.

If you have any questions relating to unaudited AFRs, please contact the Division of District Operations and Pupil Transportation service field staff assigned to your district. Please refer to the link below to locate a district's assigned KDE field staff representative.  
<http://www.education.ky.gov/KDE/Administrative+Resources/Finance+and+Funding/School+Finance/Field+Staff.htm>

### **Audited Annual Financial Report (AFR)**

The **audited AFRs** are due at KDE by November 16. Audited AFRs will be submitted via the same process as noted above. If you have any questions relating to audited AFRs, please contact Kem Delaney-Ellis at [kem.delaney-ellis@education.ky.gov](mailto:kem.delaney-ellis@education.ky.gov), Ghada El-Dabbagh at [ghada.eldabbagh@education.ky.gov](mailto:ghada.eldabbagh@education.ky.gov), or Ken Smith at [ken.smith@education.ky.gov](mailto:ken.smith@education.ky.gov) or call them at (502) 564-3846.

The Financial Data Management Division audit field staff also can address questions pertaining to audited AFRs. Please refer to the link above to locate the audit field staff assigned to your district.

## **ANNUAL CYCLE FOR SCHOOL DISTRICT AUDITS**

### **July 25**

Initial Annual Financial Report and Balance Sheet due to KDE.

Send to: Division of District Operations and Transportation  
Kentucky Department of Education  
15th Floor, 500 Mero Street  
Frankfort KY 40601

### **October 1**

Written explanation why audit cannot be completed on time due to KDE.

Send to: Division of Financial Data Management  
Kentucky Department of Education  
15th Floor, 500 Mero Street  
Frankfort KY 40601

### **November 16**

Audit reports and Statement of Certification due to KDE. (KRS 156.265 – two paper copies and one electronic copy of audit report - see Appendix III for electronic submission instructions).

Send to: Division of District Operations and Transportation  
Kentucky Department of Education  
15th Floor, 500 Mero Street  
Frankfort KY 40601

### **November 16 – February 1**

Audit reports reviewed; corrective action plans received and monitored; audit report corrections received.

### **December 31 or 45 days after district receives audit report, whichever occurs first**

Corrective action plan due. (702 KAR 3:150)

Send to: Division of Financial Data Management  
Kentucky Department of Education  
15th Floor, 500 Mero Street  
Frankfort KY 40601

### **March – May**

Corrective action monitoring continues.

## District Tax Rates

The time for setting tax rates is quickly approaching. The information below details the beginning of the process and what you can do to get ready.

**Q. When will my district's tax report be sent?**

**A.** This process involves many different people and steps.

- First, the local PVA for each district must forward assessment information to the Department of Revenue.
- Next, the Department of Revenue will review the information and forward the assessment certification to KDE.
- Next, once the district's AFR has been successfully submitted, KDE will use the information to calculate tax rates.
- The tax report will then be processed and reviewed.
- KDE will forward the tax report to the district within three days of receiving the certified assessment from the Department of Revenue, given that the district's AFR has been successfully submitted.

**Q. What can I do within my district to expedite receiving my tax report?**

- A.**
- 1) Ensure that your AFR is submitted by the deadline of July 25.
  - 2) Communicate with your local PVA to ensure that he or she has submitted information to the Department of Revenue.
  - 3) Communicate with KDE if there are personnel changes related to the superintendent or finance officer positions. These individuals will receive tax reports by e-mail.

For additional answers of frequently asked questions regarding the tax process, please visit this link:

<http://www.education.ky.gov/KDE/Administrative+Resources/Finance+and+Funding/School+Finance/SEEK+and+Tax+Rates/Taxes.htm>

## Description Changes of 1100 Instruction and 1900 Other Instruction

Description change is among one of the changes to the COA. Districts must evaluate how expenditures were recorded to the old segment compared to the new description and what needs to be recorded to it in the future. One item is the description change for 1100 Instruction and 1900 Other Instruction.

<b>Old:</b>	<b>New:</b>
1100 Instruction	1100 Instruction SBDM
1900 Other Instruction	1900 Other Instruction NON-SBDM

Definitions are:

- 1100 Instruction SBDM - SBDM Purview Section 4 (702 KAR 3: 246/7; KRS 156.070[4]; KRS 160.345[8])
- 1900 Other Instruction NON-SBDM - vocational, preschool, T-code 007, Cooperative student, Special Education, Alternative School (Section 3)

Some districts already may be using the 1100 and 1900 codes in the new way; however, for those that are not, it is necessary to rethink how expenditures are recorded to these two functions. KDE has added enough orgs/key codes within the 100 program codes to accommodate for this new view. It was necessary to change some old key code segments to move to this new way of recording expenditures for these two functions.

All changed and new orgs/key codes will be provided as your district is given the input files for the utilities along with a separate document called *KDE Guidance*. All of the changes will be presented in the Fall KASBO.

If further information is needed, please contact Karen Conway at [karen.conway@education.ky.gov](mailto:karen.conway@education.ky.gov) or at (502) 564-3846.

## Professional Staff Job Class Codes

From time to time, KDE receives requests about Certified Job Descriptions. There are no state-defined certified job descriptions. It is a district's responsibility to define the certified job descriptions.

KDE maintains a list of certificates required for each PSD job class code at this link:

<http://www.kyepsb.net/documents/LEAD/MUNIS%20certification%20reference.pdf>

For more information please contact. Cindy Godsey with the Educational Professional Standards Board at [cindy.godsey@ky.gov](mailto:cindy.godsey@ky.gov) or (502) 564-4606.

## Classified Staff Job Code Descriptions

KDE maintains job class code descriptions for classified staff, and those are available at this link:

<http://www.education.ky.gov/KDE/Administrative+Resources/Finance+and+Funding/School+Finance/District+Personnel+Information/Employee+Contracts+and+Classified+Job+Descriptions.htm>

For more information, please contact Kem Delaney-Ellis at [kem.delaney-ellis@education.ky.gov](mailto:kem.delaney-ellis@education.ky.gov), Ghada El-Dabbagh at [ghada.eldabbagh@education.ky.gov](mailto:ghada.eldabbagh@education.ky.gov) or Ken Smith at [ken.smith@education.ky.gov](mailto:ken.smith@education.ky.gov) or call them at (502) 564-3846.

## Stimulus Money and New Project Codes

Recently, federal stimulus money was sent to Kentucky, and the following project codes were established for the districts to track it.

Funding Source	FEDERAL GRANT TITLE	PROJECT CODE	CFDA
IDEA-B Preschool-ARRA	IDEA-B Preschool CEIS-ARRA	423XC	84.392A
IDEA-B Preschool-ARRA	IDEA-B Preschool LEA-ARRA	423X	84.392A
IDEA-B Preschool-ARRA	IDEA-B Preschool Private Schools-ARRA	423XP	84.392A
Workforce Investment Act (WIA) ARRA	In School Regular Youth Program ARRA	580XA	17.259
School & Community Nutrition	NSLP Equipment-Child Nutrition Recovery Act	216X	10.579
Workforce Investment Act (WIA) ARRA	Out of School Regular Youth Program ARRA	580XC	17.259
Workforce Investment Act (WIA) ARRA	Summer Employment Opportunities ARRA	580XB	17.259
Title I ARRA	Title I Deferred Amount-ARRA	391XT	84.389A
Title I ARRA	Title I Delinquent LEA-ARRA	399X	84.389A
Title I ARRA	Title I LEA-ARRA	391X	84.389A
Title I ARRA	Title I Parent Involvement-ARRA	391XM	84.389A
Title I ARRA	Title I Professional Development-ARRA	391XD	84.389A
Title I ARRA	le I School Improvement LEA-ARRA	398X	84.389A
Workforce Investment Act (WIA) ARRA	WIA ARRA	580X	17.259

### Here are some helpful links:

- Federal Cash Requirements  
<http://www.education.ky.gov/KDE/Administrative+Resources/Commissioner+of+Education/Messages+to+Superintendents/ARRA+Federal+Cash+Requests+May+2009.htm>
- School Nutrition  
<http://www.education.ky.gov/KDE/Administrative+Resources/Commissioner+of+Education/Messages+to+Superintendents/ARRA++2009+Equipment+Assistance+Grants+for+School+Authorities+March+2009.htm>
- ARRA (Stimulus Money) Matrix Funding Tentative  
<http://www.education.ky.gov/KDE/Administrative+Resources/School+Improvement/Comprehensive+Improvement+Planning/Funding+and+Finance.htm>

### Contacts:

- School Nutrition -- Paul McElwain, [paul.mcelwain@education.ky.gov](mailto:paul.mcelwain@education.ky.gov) or (502) 564-5625
- Title I Monies -- Ava Taylor, [ava.taylor@education.ky.gov](mailto:ava.taylor@education.ky.gov) or (502) 564-3791
- Idea B Preschool -- Chris Thacker, [chris.thacker@education.ky.gov](mailto:chris.thacker@education.ky.gov) or (502) 564-4970
- Workforce Investment (WIA) -- Jana M Smith, [janam.smith@education.ky.gov](mailto:janam.smith@education.ky.gov) or (502) 564- 0690



## SEEK Payments

- **Why have my SEEK payments changed?**

Due to the timing of the 2009 Special Legislative Session, the July SEEK payments were calculated using a per pupil base of \$3,909. Going forward, payments for 2009-2010 SEEK will be calculated using a per-pupil base of \$3,866. To see the impact this may have on your district, please use the [2009-2010 SEEK Budgeting Tool](#) located on KDE's Web site.

For further information, please contact Chay Ritter at [chay.ritter@education.ky.gov](mailto:chay.ritter@education.ky.gov) or Jessica Williams at [jessica.williams@education.ky.gov](mailto:jessica.williams@education.ky.gov) or at (502) 564-3846.

- **An update on Web Forms:**

KDE is in the process of eliminating some of the paperwork you usually submit to our offices. Soon, Web-based forms will be used to submit data to KDE. Some examples of those forms include transportation forms, tax forms and AFR forms. In order to submit forms electronically, your district's Web administrator must provide a log-in ID, and a password must be created.

- **An important message about your At Risk count:**

The data used to determine the At Risk portion of your SEEK calculation has changed from an eight-month average to an average daily membership of students approved for free meals in the prior year. To see your final At Risk Average Daily Membership, which will be used in the 2009-2010 Tentative SEEK calculation, please go to the [At Risk Counts for SEEK](#) web page. If you wish to address a discrepancy, please contact Lori Davis at [lori.davis@education.ky.gov](mailto:lori.davis@education.ky.gov) or at (502) 564-5279.

## Five Main Steps for the State and District Chart of Account (COA) Changes

The following are five important items that must be accomplished to complete the changes to a district's COA.

1. Clean up the Chart of Accounts (prior to Audited AFR approval):
  - A. Purge Transaction history 2003 and before (KDE recommends keeping current year + six years of data).
  - B. Districts may have accounts in their Charts of Accounts that have no history or balances.
  - C. Using this COA Clean Up utility will help identify these accounts in MUNIS so that they can be removed prior to using the Chart of Account Change utility.
2. Complete your Audit & it must get KDE's Audit review approval:
  - A. Talk with your auditor and aid him or her in completing your audit in a timely manner.
  - B. Work with KDE to make adjustments quickly to get the approval needed before you receive the input files to begin your COA change.
3. Make changes to your COA (after KDE Approves audited AFR for 2008-09):
  - A. Run the Account Change Identification Utility.
    - i. The utility checks the Chart of Accounts and identifies accounts requiring change in order to comply with the new standards.
    - ii. A report identifies each Account, Object or Segment and provides information and some direction on the needed change.
    - iii. The utility can "mass change" selected categories of changes to reduce the amount of manual work required to comply with the new standards.
  - B. Utilize the Mass Account Change to make the necessary changes to your COA.
    - i. An enhancement to the MUNIS Change G/L Account Code program allows entry of any number of account changes prior to initiating the process function.
    - ii. The program also includes the ability to import a spreadsheet style file of changes. The change speeds up the account change process and allows users to remain on the system until the process function is performed.
  - C. Change your ORGs.
  - D. Make the Account Description Change.
4. Compliance Utilities:
  - i. After the above are completed, run the Account Compliance Utility to make sure your COA is in compliance with KDE.
  - ii. This utility provides districts with the ability to check their Charts of Accounts to ensure the use of KDE-established objects, segments and combinations and report discrepancies.
  - iii. It also checks employee payroll information to identify the use of inactive or closed accounts.
  - iv. By using both the account and the payroll compliance on a regular basis, you assure your district's COA is always in compliance with the KDE COA.
5. Submit your Tentative Budget or AFR to KDE with your new COA:
  - i. Districts that change their COAs with the submission of the Tentative Budget 2010-11 will now always be on the new COA.
  - ii. All districts will be required to have their COAs changed by the July 25, 2010, submission of their AFRs for the fiscal year 2009-10.
  - iii. Edit checks will be in place to verify the districts' financial information, and Field Services staff will be contacting districts when invalid segments appear on their analysis reports.
  - iv. Field Services Staff will be working with districts to make the changes that will align them with KDE's new COA.



Office of District Support Services  
Division of Financial Data Management  
15<sup>th</sup> Floor, 500 Mero Street  
Frankfort KY 40601

Phone: (502) 564-3846  
Fax: (502) 564-1543

KDE standard e-mail addresses: [firstname.lastname@education.ky.gov](mailto:firstname.lastname@education.ky.gov)

**ODSS Web Page:**

<http://www.education.ky.gov/KDE/Administrative+Resources/District+Support+Services/>